

C2 WEDNESDAY, SEPTEMBER 25, 1985 . . . R I

## THE FEDERAL DIARY

## Pension Plan Options

By Mike Causey  
Washington Post Staff Writer

**N**ew federal employees and postal workers would have two pension options to choose from, while those hired before 1984 could pick from three retirement plans under a proposal introduced yesterday by Sens. Ted Stevens (R-Alaska) and William V. Roth Jr. (R-Del.).

Congress has until the end of the year to come up with a supplemental retirement program designed to cover the 300,000 government employees hired since Dec. 31, 1983. Those employees are now covered by the regular civil service system and Social Security.

Any new federal retirement system will be mandatory only for the recent hires covered by Social Security. The more than 2 million feds who are already covered by the civil service retirement system could join the new plan, or stay in the current system.

The primary attraction of the current system is that it offers workers benefits fully indexed to inflation, ranging from about 53 percent of salary at age 55 (after 30 years) to 80 percent of salary after 41 years of service. Employees contribute 7 percent of their salaries toward the retirement program, and pay the 1.8 percent Medicare tax.

In July Roth and Stevens proposed a three-tier retirement plan for new workers. It is based on Social Security benefits, reduced civil service benefits and tax-deferred investments that would allow workers to put up to 10 percent of salary (with the government putting an additional 5 percent) into the program.

Federal and postal unions objected to the original plan because employees would have to work until age 62 to get unreduced benefits, and because they said the tax deferral plan would be of little benefit to low-income workers. They also object to giving

future retirees raises that would be pegged 2 percent below the actual annual rise in living costs.

Yesterday's action would give new employees the chance to join the original Roth-Stevens plan, or have the option of getting into a new program that would allow them to retire on unreduced benefits at age 55, with 30 years service—provided they contribute 1.3 percent of salary toward the retirement system.

That second option would provide bigger civil service benefits but reduce employee participation in the tax deferral plan to 6 percent of salary, and the government contribution to 3 percent. Employees also would have to contribute 1.3 percent of salary toward civil service retirement if they joined the second option, but would contribute nothing if they elected the first option.

The first option provides lower guaranteed civil service benefits, but the chance to make more tax-deferred investments. The second option proposed yesterday provides a bigger guaranteed civil service benefit but less investment chances and tax savings.

The Roth-Stevens dual option bill may clear the Senate shortly. But the Democratic-controlled House is expected to come up with a different supplemental retirement plan, along lines suggested by unions.

Such a bill would allow employees to retire at age 55 after 30 years, continue full cost-of-living raises to new retirees and keep the current formula, which bases pensions on the employees' highest three-year salary average, rather than the high-five formula contained in both Senate options.

If Congress fails to approve a supplemental retirement system before the end of the year, newly hired feds in 1986 would have to put 7 percent of their salaries into the civil service retirement fund as well as make the 7.05 percent Social Security contribution.

## Area SA

By D'Vera Cohn  
Washington Post Staff Writer

Student mathematics scores on the Scholastic Aptitude Test meted 10 points in Alexandria, nine in Arlington, but overall scores rose dramatically in the District of Columbia, according to highly mixed local results released yesterday for the widely watched examination.

Verbal scores in Alexandria, Arlington and both math and verbal scores in Prince George's County stayed the same or remained close to those of last year. Both categories of scores in the District of Columbia rose by 10 points, though the District average remains below the national average. In Fairfax County, the increase equaled the national rate.

The results showed Prince George's County and District students lag behind their counterparts nationwide. Arlington, Montgomery and Fairfax counties scored comfortably above the national mean.

Scores were released by all school systems and the College Board, which did not have available a breakdown of scores for minority students or individual schools.

The release of scores for local school systems followed Monday's announcement that national scores

## Fedders Des



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